

Covid-19 – Employability Response

Summary and Recommendations

This report links to another, broader report on this agenda about Economic and Environmental Renewal. It is focused on the employability response needed given the significant labour market impacts of the pandemic and in particular the interventions necessary to support Scotland's vulnerable communities who have and will be hardest hit.

The Board is invited to:

- i. Endorse Local Authority employability work as an essential service both as an ongoing crisis prevention service and as an integral part of a wider pandemic recovery;
- ii. Note the partnership work in setting out early employability responses to the pandemic, and the COSLA endorsement of those;
- iii. Consider endorsing the direction-of-travel of a Local Government response proposition;
- iv. Agree next steps as set out in paragraphs 17 – 18.

References

Previous reports on Employability:

- Community Wellbeing Board – 18/05/20 – Employability Response Update
- Leaders 17/04/20 – Employability Response
- Community Wellbeing Board 24/01/20 – Employability Update
- Community Wellbeing Board 24/01/20 – Disabled Parents Employability Support Fund
- Leaders 25/10/19 – Parental Employment Support Fund
- Community Wellbeing Board 17/12/18 – Scotland's Future Employability Services
- Leaders 30/11/18 - Scotland's Future Employability Services
- Leaders 24/2/17 – Devolution of Employability Support

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June 2020

Covid-19 – Employability Response

Purpose

1. This report highlights the employability challenge facing Scotland, provides an update on discussions from the COSLA Leaders meeting on 17 April 2020 and COSLA's Community Wellbeing Board on 18 May 2020. It suggests that additional and bold interventions will be necessary to respond to the crisis. It asks for comment and endorsement on direction-of-travel from the Board. Although focused on alleviating pandemic impacts, it also aims to provoke a consideration of a step-change in how we support those most disadvantaged in the labour market and prevent an increase in social, economic and health inequalities.
2. The lead governance responsibility for employability in COSLA sits with the Community Wellbeing Board but it is a cross-cutting agenda and needs to connect effectively with other Boards, not least Environment and Economy.

Current Position

3. An earlier version of this paper was considered by the Community Wellbeing Board on 18 May. Local employability services and support programmes have a key role in helping support people progress towards enter and sustain work supporting them to improve earnings. Employability is a prevention service - supporting those most dependent on welfare benefits and in, or at risk of, poverty. It helps to manage down demand for crisis services. Investment in these local authority led programmes is significant – it typically exceeds £130 million per annum, with 43,646 unemployed individuals being supported by our programmes last year.
4. The disruption caused by our response to COVID19 may affect our ability to collectively re-start full employability services to support recovery, particularly where staff may be working on other immediate priorities. This will be a concern as we shift into a deeper socio-economic downturn.
5. The Scottish Government and COSLA signed a 'No One Left Behind' Employability Partnership Agreement in December 2018. It signals a change in how the two spheres of government work together, recognising a parity of esteem rather than a strategic contractor and delivery body relationship. There is a shared commitment to adopting a Scottish Service Design approach for employability services. The collaboration is predicated on a commitment to:
 - providing flexible and person-centred support;
 - straightforward services for people to navigate;
 - a better integrated approach aligned with other services, in particular, with health, justice and housing provision;
 - providing pathways into sustainable and fair work;
 - funding in a simple and co-ordinated way;
 - being driven by evidence, including data and the experience of users; and
 - supporting more people – particularly those facing multiple barriers – to move into the right jobs, at the right time.

What is changing?

6. As a result of the economic impact of Covid-19 there has been a five-fold increase in Universal Credit claims and emerging data suggests a rapid and prolonged increase in unemployment. Some academics are forecasting an increase to 10% from the current lowest levels of 3.8% all age and 9.1% for young people this could see rates triple amongst some groups and communities. Impacts will affect communities differently depending on the nature of the local labour market as sectors will experience different outcomes. A place based approach to developing an inclusive sustainable economy is essential and local partnerships led by Local Government have a key role to play.
7. The significant impacts have still to develop as the Government taper down existing business support and the Job Retention Scheme and many workers find themselves unemployed or under-employed (it is estimated about 780,000 employees are currently furloughed in Scotland). In addition, education leavers will find themselves displaced and without a next positive destination there is currently about 50,000 school leavers of which 66% usually enter FE/HE. If NEET figures reach their previous peak then up to 8000 school leavers could be without a positive destination. This is assuming FE/HE figures remain constant and that there is still some level of employment. Other Education leavers may also find themselves without a next destination and many young people will be unemployed as traditional sectors of employment cease to operate.
8. The early indications are that the changes in the labour market will have the biggest impact on those on the lowest incomes and in the most precarious, least secure jobs. It is also expected there will be a significant increase in the number becoming unemployed or displaced in the labour market disproportionately affecting young people, women, those with disabilities and minority groups and as a result social and economic inequalities will increase.

Response and Recovery – agreed approach and priorities to date

9. The Scottish Government has established two COVID-19 employability response groups. The Senior Employability Leadership Group is supported by an Operational Group with key stakeholders involved such as Skills Development Scotland (SDS), DWP, third sector and private providers. COSLA, SOLACE and SLAED represent Local Government on the Senior Group, and COSLA and SLAED are also present on the membership of the operational group. Crucially the employability support structures will align with services to individuals and businesses to mitigate the economic impact on individuals and communities witnessed in previous economic shocks. Additionally, the First Minister has also asked the Enterprise and Skills Strategic Board for recommendations on employment interventions.
10. Through the partnership response arrangements a number of recommendations have emerged. These include –
 - Work with employers nationally and locally to support effective client support and recruitment to meet demand arising from Covid-19 such as supermarkets, warehouses, care and NHS. Many local authorities have or are establishing local jobs hubs
 - Re-purposing employability programmes and funding which are already with local government and others to enable increased local flexibility
 - To urgently consider the employability needs of those likely to be released early from prison, and their connections to other advice and support services.

- To influence employers in all sectors to follow principles of Fair Work to enable employees to manage their work and domestic commitments particularly through a recovery phase.

11. SDS also launched an enhanced national helpline service during the week beginning 11 May. SDS have trained over 100 previously schools-based advisors to deliver careers advice, redundancy and broader employability support to mitigate the loss of their localised approaches. There has been and continues to be a partnership approach with local authorities to ensure that it enables two-way referral from helpline to local advice and support services, and doing so in a way that minimises the risk of customers simply being passed from pillar-to-post. Amongst the customers for the service will be those young people leaving school and college in 2020 and not able to access the local support that was there in previous years.

Both COSLA Leaders and the Community Wellbeing Board endorsed these priorities. Whilst these interventions are valid there is a concern that they are not enough. There is now a window of opportunity for Local Government to propose a stronger response. The role of Local Government and the public sector in general will be crucial in a time where there is no forecast economic growth and much of the nature and scale of the economic recovery is unknown. The Improvement Service and SLAED have been developing ideas on that stronger response and that evolving proposition can be accessed at https://www.cosla.gov.uk/data/assets/pdf_file/0018/18108/Local-Government-Employability-Response-to-Covid.pdf

12. That proposition takes learning from past experience and in particular borrows from the Cambridge Policy Consultants review in 2014-15 which looked at interventions from the previous recession. The pandemic introduces some vital contextual similarities but differences too -

- Whilst unemployment will be wider spread than in some previous downturns, the severest impacts will still fall disproportionately in the harder-to-help 'No One Left Behind' (NOLB) client group.
- As previously there will be large variations by age groups however, the scale and growth of the long term unemployment problem is often more severe for the 25 plus age group and overlooked when rates alone are the impact measure.
- Due to the consequences arising from the impact of Covid-19 individuals will have a range of finance and health related issues to deal with as well as traditional employability, skills and experience support needs.
- The policy landscape since the last recession has changed with the movement from the UK Work Programme to the devolved Fair Start Scotland and the introduction of Universal Credit. There has also been a consistent focus through the Youth Employment Strategy on increasing Modern Apprenticeships, employer recruitment incentives/wage subsidies, and investment in the ESF pipelines.
- Whilst unemployment and specifically youth unemployment has fallen to its lowest level in decades, there has been an increase in in-work poverty, especially amongst households with children and the ongoing period of austerity and public sector financial challenges has seen a steady reduction in the overall financial resources available.
- It is also more recognised that employment and income are key determinants of health and well-being. This needs to be an important consideration when enhancing, re-purposing and developing employment support interventions in response to Covid-19.

Response and Recovery – an evolving Local Government proposition.

13. The proposition should build from the SG / LG partnership agreement, No One Left Behind principles and the response priorities that have already been agreed and are now being acted upon. The proposition should go beyond COVID-19 response, taking the opportunity to accelerate the transformation of employability services, their integration with other services and assert the leadership opportunity local authorities have as large local employers. A Local Government proposition should seek to influence national direction and robustly make the case for increased investment in local authority employability services.
14. Key characteristics and features of the response, all detailed in the linked paper highlighted in paragraph 13 above, should include –
- An all age, needs based strategic approach. It should resist any silo strategies or action plans based on specific cohorts which would be detrimental to a cohesive approach.
 - In an evidence led approach emerging intelligence suggests that resources should be targeted at key groups A listing of those groups is attached as appendix 1. In addition targeting should include those amongst the newly unemployed who are at risk of long-term unemployment due to their personal circumstances and/or characteristics.
 - Enhanced investment in the key worker approach. Individuals require dedicated and trusted support to engage and navigate the system whilst being enabled to develop a tailored action plan based on their individual needs and circumstances. Key workers are presently paid for from existing 'No One Left Being' funding within local authorities.
 - It is recognised that the economic impact of Covid-19 will impact differently in local areas and the strengthening of the Local Employability Partnerships will be critical to deliver a place based approach to recovery ensuring programmes and provision are appropriately targeted and aligned.
 - Job creation and the role of anchor institutions, local authorities in particular, in generating positive economic impacts as employers, procurers and service providers will be essential. Related it is proposed that flexible job creation initiatives are developed to respond to the lack of opportunity within local labour markets exploiting the role of the public and third sector to provide quality work experience and an opportunity for the acquisition of necessary skills.
 - Targeted pathways for apprenticeships building on sector based academy approaches for the most disadvantaged preparing for work based vocational qualifications leading to supported jobs and/or unsupported jobs.
 - To develop a public sector Inclusion Pledge built around current duties and responsibilities (Equalities, Fairer Scotland and Child Poverty) to support the creation of additional diverse employment opportunities aligned with workforce planning, recruitment, procurement and service delivery.

Proposed COSLA position

15. COSLA officers should continue to work closely with Scottish Government, SLAED and SOLACE to shape the response, to address the evolving employability challenge.
16. To continue to liaise with colleagues and through other COSLA Boards as the impacts of the economic shocks cross over into other social and wellbeing responsibilities. To view employability as part of a holistic response and also to consider how it can influence and fit within a broader service renewal framework.

Next Steps

17. It is proposed that COSLA officers contribute to the development of the Local Government proposition highlighted in paragraph 13, and where possible outline the investment required.
18. To take the views of this Board and the Community Well Being Board – next meeting on 19 June – into account in drafting a paper to COSLA Leaders at the end of June 2020. That paper will look for COSLA endorsement on a finalised Local Government proposition.

May 2020

Appendix 1

Key target groups for additional employability resources -

- Young People – Especially those leaving education without a positive destination and those previously working in sectors adversely affected by lockdown.
- Women – Especially those in lock down sectors and/or with caring responsibilities
- Low earners/low skilled – less likely to be able to work from home and a large % work in the hardest hit sectors.
- Lone parents – More exposed to reductions in earnings/job losses coupled with caring responsibilities
- Minority ethnic people – a higher % of the visible minority ethnic population work in the hospitality industry.
- Disabled people – Already disadvantaged and may experience higher impact from workplace restrictions.
- 50 years+ - Previous recessions have written off this age group who are amongst the most deprived of the working age population and will struggle to re-enter the labour market.